



## Impact of GST On FMCG (Hindustan Unliver Limited)

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### Abstract:

The introduction of the Goods and Services Tax (GST) in India brought a major shift in the country's indirect tax structure by replacing multiple state and central taxes with a single unified tax system. This study focuses on understanding the impact of GST on the Fast-Moving Consumer Goods (FMCG) sector, one of India's largest and most rapidly growing industries. The research highlights how GST has influenced pricing, supply chain operations, tax compliance, and overall business performance within the sector. While the new tax structure has helped reduce the burden of cascading taxes and improved logistics efficiency, many FMCG companies faced initial challenges related to compliance, technical issues, and adaptation. Overall, the study finds that GST has created a more transparent and organized tax environment that supports growth, competitiveness, and long-term benefits for companies as well as consumers.

**Keywords:** Goods and service tax, FMCG, Dynamic segment, Cascading, E GST, FMCG, Cenvat Credit, SGST & CGST, Goods and service tax, economic development, Indian economy and value added tax..

## 1. INTRODUCTION

The Goods and Services Tax (GST), implemented on July 1, 2017, is considered one of India's biggest tax reforms. Before GST, companies had to deal with multiple taxes such as VAT, excise duty, service tax, entry tax, and others, which made the taxation system complicated and increased costs for businesses as well as consumers. GST was introduced to simplify this structure by bringing all indirect taxes under one umbrella and creating the principle of "One Nation, One Tax, One Market."

The FMCG sector, which includes essential daily-use products like food items, personal care goods, and household products, was directly affected by this change. As one of the fastest-growing and most competitive industries, any change in taxation has a major impact on pricing, supply chains, distribution, and consumer demand. The introduction of GST influenced how FMCG companies planned their logistics, managed warehouses, and set product prices. It also pushed companies to upgrade their systems, improve compliance, and adopt technology.

Although the initial phase of GST brought challenges such as confusion, compliance pressure, and system updates, the long-term benefits include smoother interstate transport, reduced tax burden on many products, and a more efficient supply-chain structure. The purpose of this study is to understand

these changes and evaluate how GST has shaped the FMCG sector, especially in terms of pricing, operations, competition, and consumer impact.

## **2. Review of literature**

### **Prof.Sunita .L . Gonal Hubli Author 2: Prof.Preethi .B .Matapathi The introduction of the Goods and Services Tax**

The introduction of the Goods and Services Tax (GST) in India marked a significant reform in the country's indirect taxation system, aiming to unify multiple state and central taxes into a single, streamlined tax

### **R Hiremani Naik**

he fast moving consumer goods (FMCG) segment is the fourth largest sector in the Indian economy. The market size of FMCG in India is estimated to grow from US\$ 30 billion in 2011 to US\$ 74 billion in 2018. Growing awareness, easier access, and changing lifestyles have been the key growth drivers for the sector

### **NIMMALA TARUN REDDY 1 , Ms. SUSHEELA GRACE2**

A predominant development in India's indirect tax reforms may be the implementation of the Goods and Services Tax (GST). A unified countrywide marketplace is probably created by means of combining a good sized range of Central and State taxes into a single tax, which might appreciably reduce cascading or double taxing

### **Santhosh Prabhu M , Dr. Sudha K\*\*Santhosh Prabhu M, Dr. Sudha K**

The implementation of Goods and Service Tax (GST) in India brought significant changes to the taxation system, aiming to simplify and streamline the tax structure. The Fast-Moving Consumer Goods (FMCG) industry, being one of the key sectors in the Indian economy, witnessed both challenges and opportunities as a result of GST. This abstract explores the various aspects of the impact, including pricing adjustments, supply chain optimization, changes in consumer behavior, and the adaptability of FMCG companies

### **Umamaheswararao Gobbilla1, Ganemoni Radhika2**

This study examines the impact of Goods and Services Tax (GST) implementation on the financial performance of Hindustan Unilever Limited (HUL). Employing a quantitative, comparative approach, it analyzes secondary data from 2013-14 to 2022-23, focusing on key indicators such as revenue, net profit, operating margins, and tax expenses before and after GST adoption.

### **Bhavana Vijay, Dr. Vishal Chavan**

The Goods and Services Tax (GST) has revolutionized India's taxation system, profoundly affecting the Fast-Moving Consumer Goods (FMCG) industry. GST compliance practices in three FMCG companies, namely Hindustan Unilever Limited (HUL), Zydus Wellness, and Venky's India, are studied in this research. Based on secondary data, the paper examines compliance issues, financial effects, and company strategies to cope with GST regulations

**Prin.Dr. Parvatkumar R. Patel, Prin. Dr. Rajesh D. Rana, Prof. Mahendra S. TARSARIYA**

This study has been undertaken to investigate the determinants of a study of effect of goods and service tax on FMCG Sectors in India using various descriptive Statistical tools and techniques. To test the impact of Goods and Service Tax, Statistical t-test and descriptive Statistical tools are used for this research segments

**Dr. Dipak Kumar Poddar**

The implementation of the Goods and Services Tax (GST) in India marked a significant reform in the country's indirect taxation system. This study examines the impact of GST on India's economic growth by analysing its influence on key economic indicators such as Gross Domestic Product (GDP), inflation, ease of doing business, and government revenue

**Amrit Das**

The Goods and Services Tax (GST) is the most significant alteration to India's tax system. Products and services are subject to a variety of taxes, such as the excise tax, service tax, central sales tax, luxury tax, lottery tax, amusement tax, octroi, state surcharge, and other levies. The GST replaced a wide variety of indirect taxes formerly levied on consumer goods and services.

**Dr. Mubarak**

The primary objective of this paper is to assess the impact of GST on financial performance of the FMCG companies in India and analysis the impact of GST on the liquidity position of the FMCG companies. To accomplish these objectives researcher used the secondary data for the period of ten years starting from the 2012 to 2013 of selected fast moving consumer goods companies namely HUL, ITC and Nestle

**SWETHA P**

The article discusses the impact of GST on the FMCG industry in India. It highlights the changes in supply chain management, logistics, pricing of goods and services, compliance challenges, and the government's initiatives to support the industry. The article also examines the impact of GST on consumer behaviour and demand, as well as the challenges faced by small and medium-sized FMCG businesses. Additionally, the article provides predictions and future outlook for the FMCG industry under GST, such as increased compliance, adoption of technology, consolidation of the industry, and increased exports

**CMA Satish Dhokare.**

GST is one among the foremost critical tax reforms in India which has been long awaiting decision. It's a comprehensive legal system which will subsume all indirect taxes of State and central Governments and whole economy into seamless nation in national market. Goods and Services Tax (GST) are going to be a game changing reform for Indian economy by developing a standard Indian market and reducing the cascading effect of tax on the value of products and services.

### **Anitharaj M S**

The introduction of GST in India has called in for many arguments for and against from various sectors. But the major impact on consumers for either price increase or decrease on basic needs is an important concern for retailers. This study foresees to obtain a comprehensive overview of the FMCG Industry, by analysing the quarterly sales turnover of the top performing FMCG Companies in India before and after implementation of GST

### **Raghav Tapuria, Dr Leena James**

An attempt is made in this project to study the concept of Goods and Services tax and its impact on Fast Moving Consumer Goods Industry that is prevalent in India from the viewpoint of the consumers as well as the viewpoint of the companies. The paper studies the Stocks of 6 NSE listed companies and uses Statistical tools such as Correlation and T-test of 1 year Pre and Post GST stock prices.

### **Dr. Dilipkumar A. Ode**

The GST 2.0 reforms, effective from September 22, 2025, represent the most significant recalibration of India's indirect tax framework since its 2017 inception. This report provides an exhaustive analysis of the structural, macroeconomic, and sectoral impacts of this new tax regime. The core of the reform is the rationalization of the four-tiered tax structure into a simplified two-slab system (5% and 18%), complemented by a special 40% de-merit rate for luxury and sin goods. The strategic timing of these rate cuts, coinciding with the festive season, is designed to serve as a powerful catalyst for a consumption-led economic revival. The analysis projects a significant moderation in consumer price inflation, alongside a notable boost to India's Gross Domestic Product (GDP)

### **Sreekumar P. G., Chithra R**

The Goods and Services Tax (GST), implemented on July 1, 2017, is regarded as a major reform in taxation till date implemented in India since independence in 1947. A single category of tax created by amalgamating different types of indirect taxes by State and Central Government under one head, known as GST.

### **ANAMIKA KUMARI**

In our study we investigate the impact of GST on FMCG sector. The secondary data for methodology has been used to see the increase in tax can affect the stock indices of FMCG industries. The data is collected from NSE historic data. The parameter used is pre and post GST.

### **Mr. Piyushkumar R. Maru, Dr. Dharmendra N. Thaker**

This research paper investigates the impact of the Goods and Services Tax (GST) on the Fast-Moving Consumer Goods (FMCG) sector in India, highlighting its implications for financial performance across key metrics: liquidity, profitability, efficiency, and financial leverage. Implemented on July 1, 2017, GST aimed to unify India's indirect tax structure, yet its effects on the FMCG sector have been mixed

## **Funnisha Garg**

This study explores the impact of the Goods and Services Tax (GST) on the FastMoving Consumer Goods (FMCG) sector in India, with a comparative analysis involving the USA from 2013 to 2022. The primary aim is to determine how macroeconomic variables such as the inflation rate and GDP growth rate of India and the USA

## **Rajkumar Chavan**

India's most awaited and biggest tax reforms has come into reality. The Goods and Services Tax (GST) which has replaced most multiple indirect taxes which were used to levied on different items of goods and services. The GST has helped in terms of the revenue since from past two months, hence it has been effect from 1st July, 2017 and helped in solving the cascading effects of tax.

## **STATEMENT OF THE PROBLEM**

The introduction of GST has significantly altered the indirect tax structure in India, directly impacting the FMCG sector. Hindustan Unilever Limited (HUL), as a leading FMCG company, has experienced changes in pricing, cost structure, supply chain efficiency, and consumer demand due to GST implementation. This study aims to analyze the impact of GST on HUL by examining its effects on product prices, operational efficiency, sales performance, and overall business outcomes.

## **Research gaps**

Limited company-specific studies focusing exclusively on the impact of GST on Hindustan Unilever Limited within the FMCG sector.

Insufficient empirical analysis comparing pre-GST and post-GST financial performance of HUL.

Lack of detailed research on GST's impact on HUL's supply chain restructuring and distribution efficiency.

Inadequate examination of consumer price sensitivity and demand changes for HUL products after GST implementation

## **Objectives**

To examine how GST has impacted the FMCG sector, with special reference to Hindustan Unilever Limited (HUL).

To compare the financial performance of HUL before and after the implementation of GST.

To analyse the positive and negative effects of GST on pricing, supply chain, and tax structure in the FMCG industry

## **Hypothesis**

*1.To examine how GST has impacted the FMCG sector, with special reference to Hindustan Unilever Limited (HUL).*

Null Hypothesis ( $H_{01}$ ):

GST has no significant impact on the FMCG sector with special reference to Hindustan Unilever Limited.

Alternative Hypothesis ( $H_{11}$ ):

GST has a significant impact on the FMCG sector with special reference to Hindustan Unilever Limited.

*2. To compare the financial performance of HUL before and after the implementation of GST.*

Null Hypothesis ( $H_{02}$ ):

There is no significant difference in the financial performance of Hindustan Unilever Limited before and after the implementation of GST.

Alternative Hypothesis ( $H_{12}$ ):

There is a significant difference in the financial performance of Hindustan Unilever Limited before and after the implementation of GST.

*3. To analyse the positive and negative effects of GST on pricing, supply chain, and tax structure in the FMCG industry.*

**Null Hypothesis ( $H_{03}$ ):**

GST has no significant positive or negative effect on pricing, supply chain, and tax structure in the FMCG industry.

**Alternative Hypothesis ( $H_{13}$ ):**

GST has significant positive and negative effects on pricing, supply chain, and tax structure in the FMCG industry.

### **3. RESEARCH METHODOLOGY**

#### **Research Design**

The study adopts a **descriptive and analytical research design**. It aims to describe the impact of GST on the FMCG sector and analytically compare the financial performance of Hindustan Unilever Limited before and after GST implementation using secondary data. The design helps in understanding changes in pricing, supply chain efficiency, and tax structure due to GST.

#### **Population**

- The population of the study includes:
- The **FMCG sector in India**, and

**Hindustan Unilever Limited (HUL)** as the selected representative company.

- For primary data (if applicable), the population may include:
- Distributors, retailers, and consumers dealing with HUL products.

#### **Sample Size**

- **Secondary Data:**  
Financial data of HUL for 5 years (e.g., 2–3 years before GST and 2–3 years after GST).
- **Primary Data (if used):**  
A sample size of 100 respondents consisting of retailers, distributors, and consumers of HUL products.

### Sampling Technique

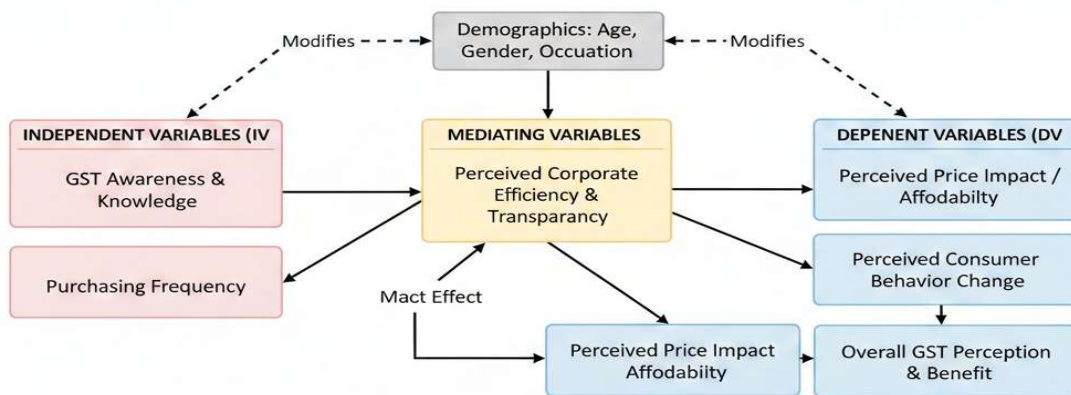
- **Secondary Data:**  
**Purposive sampling** is used to select relevant financial statements and reports of HUL.
- **Primary Data (if used):**  
**Convenience sampling technique** is adopted due to time and accessibility constraints.

### 1. Data Collection Method

Primary data for the study is collected through a structured questionnaire administered to retailers, distributors, and consumers of Hindustan Unilever Limited (HUL) products. The questionnaire is designed to understand perceptions regarding the impact of GST on pricing, sales, supply chain efficiency, and consumer demand in the FMCG sector.

### CONCEPTUAL MODEL

Conceptual Model: Impact of GST on FMCG Consumer Perception (HUL)



### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GDTU	150	1.40	4.40	2.9893	.62296
BBC	150	1.40	4.60	3.0413	.69061
PTC	150	1.60	4.40	3.0267	.62290
Valid N (listwise)	150				

#### Interpretation:

The descriptive statistics show responses from 150 participants for all variables. The mean values of GDTU (2.99), BBC (3.04), and PTC (3.03) indicate a moderate level of agreement among respondents. The standard deviation values (around 0.62–0.69) suggest low to moderate variability, meaning the responses are fairly consistent. Overall, participants show similar and stable perceptions across all three variables.

### ANOVA

		Sum Squares	of df	Mean Square	F	Sig.
GDTU	Between Groups	.468	2	.234	.600	.550
	Within Groups	57.355	147	.390		
	Total	57.823	149			
BBC	Between Groups	2.155	2	1.078	2.299	.104
	Within Groups	68.908	147	.469		
	Total	71.064	149			
PTC	Between Groups	.798	2	.399	1.029	.360
	Within Groups	57.015	147	.388		
	Total	57.813	149			

#### Interpretation:



The ANOVA results show that there is **no statistically significant difference** between the groups for GDTU ( $F = 0.600$ ,  $p = 0.550$ ), BBC ( $F = 2.299$ ,  $p = 0.104$ ), and PTC ( $F = 1.029$ ,  $p = 0.360$ ), as all  $p$ -values are greater than 0.05. This indicates that **group differences do not have a significant impact** on GDTU, BBC, and PTC, and the mean scores across groups are largely similar.

### Correlations

		GDTU	BBC	PTC
GDTU	Pearson Correlation	1	.155	.024
	Sig. (2-tailed)		.058	.775
	N	150	150	150
BBC	Pearson Correlation	.155	1	-.082
	Sig. (2-tailed)	.058		.319
	N	150	150	150
PTC	Pearson Correlation	.024	-.082	1
	Sig. (2-tailed)	.775	.319	
	N	150	150	150

### Interpretation:

The correlation analysis shows **weak relationships** among the variables. GDTU has a **weak positive correlation** with BBC ( $r = 0.155$ ), but it is **not statistically significant** ( $p = 0.058$ ). The relationships between GDTU and PTC ( $r = 0.024$ ,  $p = 0.775$ ) and between BBC and PTC ( $r = -0.082$ ,  $p = 0.319$ ) are **very weak and not significant**. Overall, there is **no significant correlation** among GDTU, BBC, and PTC.

### FINDINGS

- The study reveals that GST has reduced the overall tax burden on most FMCG products of Hindustan Unilever Limited, making them more affordable for consumers.
- The uniform GST tax structure across India has helped HUL in smooth movement of goods between states, reducing delays and logistics problems.
- The removal of multiple taxes like VAT, excise duty, and entry tax has simplified the tax system and improved operational efficiency for HUL.
- The reduction in distribution and warehousing costs under GST has positively affected HUL's cost structure and profitability.

- The availability of input tax credit has allowed HUL to claim taxes paid on raw materials, which reduced production costs.
- Lower product prices after GST increased consumer demand, especially in rural and semi-urban areas.
- GST has reduced the advantage of unorganized FMCG players, which benefited large and compliant companies like HUL.
- Initially, HUL faced challenges such as changes in billing systems, compliance procedures, and stock adjustments due to GST implementation.
- Over time, these initial problems were resolved and the company adapted to the new tax system effectively.

#### **4. CONCLUSION**

The study concludes that GST has had a largely positive impact on Hindustan Unilever Limited. The simplified tax structure, reduction in logistics costs, and availability of input tax credit have improved the company's operational efficiency and profitability. Lower prices of FMCG products after GST encouraged higher consumer demand, leading to growth in sales volume. Although HUL faced short-term challenges during the implementation phase, the long-term benefits of GST have supported the company's expansion and strengthened its position in the FMCG market. Overall, GST has contributed to a more transparent, efficient, and growth-oriented business environment for HUL.

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